



DEMOCRATS ARE FIGHTING TO MAKE AMERICA'S TAX LAWS SIMPLER, FAIRER AND MORE RESPONSIBLE

Republican tax policies have shifted the tax burden to middle-class families, caused even greater tax complexity and exploded the national debt.

Republican tax policies reduce progressivity and disproportionately benefit the wealthiest taxpayers.

- Middle-income households, not the richest households, paid a higher share of federal taxes following the 2001 tax cuts, according to data compiled by CBO.
- In 2004 alone, tax cuts for the top 1% of households (with incomes averaging more than \$1 million) were worth nearly \$80,000, or 10.1% of their after-tax income. The bottom 20% of households (with incomes averaging less than \$17,000) received only a \$250 tax cut on average, or just 1.6% of their after-tax income.

Despite Republicans' repeated pledges to simplify our tax laws, they have made the tax code even more complex.

- Republican tax policies have added more than 10,000 pages to the tax code and regulations in just the last four years. Republicans in Congress orchestrated nearly 900 changes to the tax code in the 108th Congress alone.
- The costs of tax complexity are staggering – more than \$100 billion a year in accounting fees and the value of taxpayers' time to complete their returns. (Joel Slemrod, tax expert at the University of Michigan)

Republican tax policies have exacerbated the complicated and unfair Alternative Minimum Tax (AMT), which is shifting the tax burden to middle-income families.

- An estimated 3 million taxpayers will be subject to the AMT in 2004; that number will explode to 35 million in 2010.
- The AMT was designed to ensure that high-income taxpayers pay their fair share, but Republicans are using it to deliberately hold down the costs of their tax cuts and shift the tax burden to middle-income families. By 2010, households with incomes between \$75,000 and \$100,000 will be 18% more likely to be subject to the AMT than those with incomes of more than \$1 million.

Republican tax policies have exploded our national debt, irresponsibly and immorally forcing our children to pay our bills and leaving our nation vulnerable to foreign creditors.

- Republican tax policies, in large part, have forced Congressional Republicans to raise the statutory debt limit three times in three years (\$450 billion in 2002; \$985 billion in 2003; and \$800 billion in 2004). They will need another increase in the debt limit, likely this fall. The Government Accountability Office projects that interest on the national debt would nearly equal total federal revenues in 2040 if the recent tax cuts are made permanent.

Democrats are fighting to make America's tax laws simpler, fairer and more responsible.

Fairness: We must uphold our commitment to tax progressivity. Millions of Americans are paying more than their fair share because of an overly complicated, loophole-ridden tax code. We believe that real reform must include a solution to the unintended consequences of the Alternative Minimum Tax.

Simplification: Democrats strongly support tax simplification. Our tax laws are far too complex and give taxpayers the opportunity to try to exploit that complexity to avoid compliance.

Responsibility: Democrats believe that we must not add to the deficit and national debt. Democrats are committed to tax reform that is revenue neutral.

